

**H.R. -**  
**THE RESTORING AMERICA'S COMPETITIVENESS**  
**ACT OF 2006**  
**("TRACA")**

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**SUMMARY**

**THE CHALLENGE:**

Since 2001, Bush Administration trade policy has missed a number of *opportunities* to stand up for American workers, farmers and businesses, resulting in record *trade deficits* and dangerously higher levels of *foreign-owned debt*.

U.S. trade policy can — and *should* — promote both growth and greater equity — opportunities for Americans in every walk of life. U.S. trade policy should be a tool to promote increased standards of living in the United States and abroad. Finally, U.S. trade policy can and should help the United States *grow* out of the ballooning trade deficits of the last five years, not attempt to *shrink* our way out of deficits by shrinking *away* from the challenges that confront us.

**Meeting the challenge:**

***Title I of TRACA – a plan to reestablish growth-based trade:***

- Create a National Commission on International Economic Policy to bring together on a bipartisan basis the most experienced leaders in trade and investment to assess current U.S. policy and propose new directions.
- Ensure that the U.S. develops an *export strategy* and not just an import-related strategy when it enters into trade negotiations.
- Establish *accountability* by requiring regular assessments *after* a trade agreement comes into effect to determine if *performance* meets the *promises* made during negotiation and ratification.
- Ensure that U.S. negotiators use international negotiations to *strengthen* not *weaken* existing trade remedies to ensure that U.S. workers, farmers and businesses compete on a level playing field with foreign competitors in the U.S. market and overseas.

***Title II of TRACA – level the playing field for American***

***Manufacturers*** by (1) renewing Congress' clear and strong direction to USTR to eliminate the \$300 billion discrimination in current WTO rules against countries like the United States that rely more heavily on direct taxes versus indirect and (2) if USTR is unable or unwilling to negotiate necessary changes to WTO rules, authorizing application of countervailing duties after January 2008 against products from countries like Brazil, China, France and Germany that are found to benefit from the rebate, remission, etc of an indirect tax.

***Title III – addressing problems in the WTO dispute settlement system, in particular:***

- **Create a Commission of retired federal judges to review WTO decisions to ensure that they are consistent with what U.S. agreed to in WTO** – and do not add to U.S. obligations or diminish U.S. rights in violation of WTO rules.
- **Provide greater access to and participation in WTO panel cases by US companies, unions, NGOs and others.** Other countries routinely bring private sector lawyers in to argue cases FOR the government. USTR doesn't even let them sit in the room and pass notes to the government attorneys. This gives an edge to foreign governments and hurts U.S. companies.

***Title IV – strengthening the ability of the United States to respond to subsidies and foreign industrial policy, in particular:***

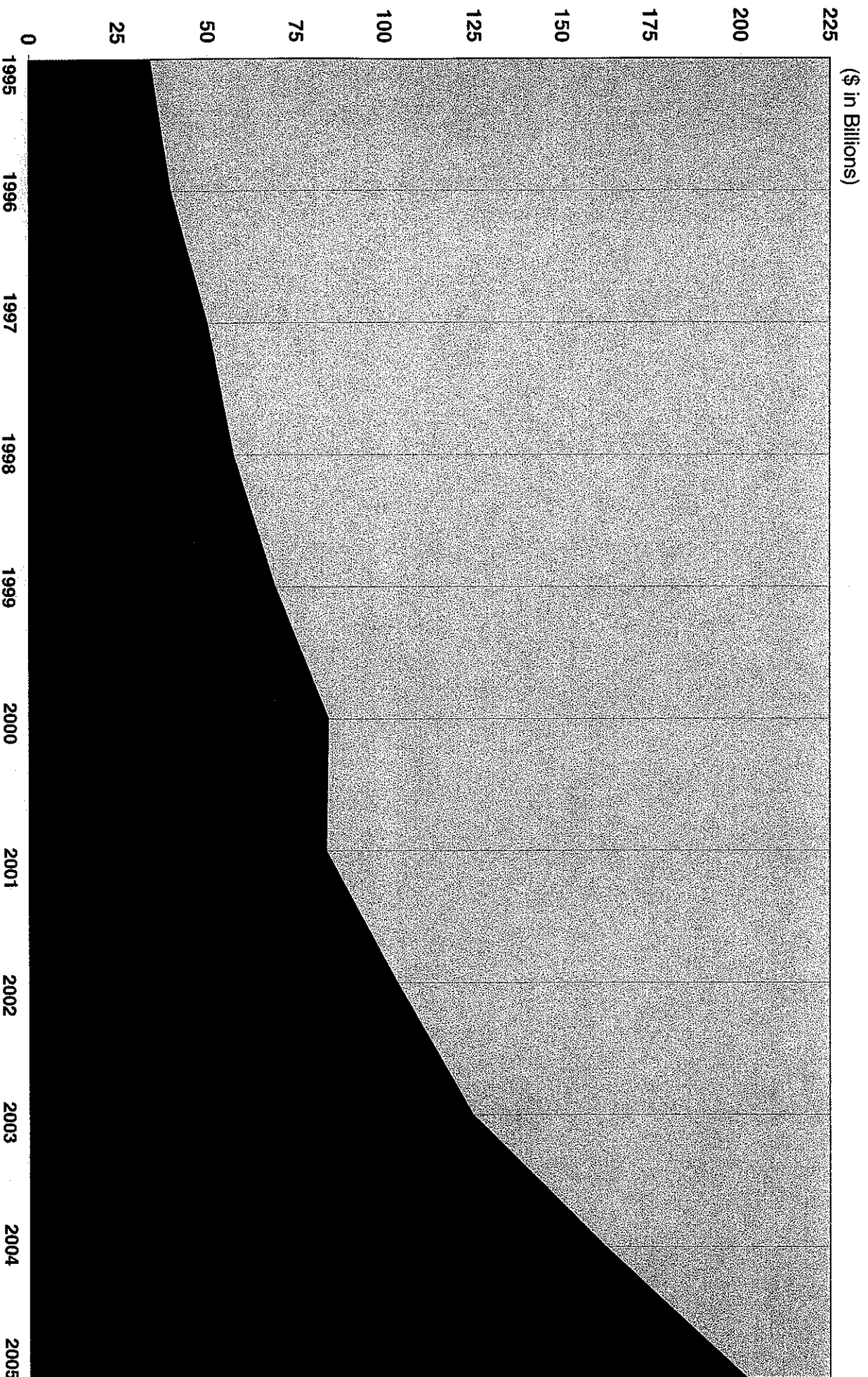
- **Applying countervailing duty law to Nonmarket Economy Countries (including China).**
- **Applying countervailing duty law to Exchange-Rate Manipulation,** thereby giving U.S. firms and workers an express and immediate right of action against imports from China and other countries that are manipulating their currency.
- **Directing the ITC to conduct a comprehensive study of Chinese government subsidies to manufacturing.** Study to be completed and submitted to Congress in 9 months.

***Title V contains more than 20 amendments to strengthen U.S. unfair trade laws — antidumping and countervailing duties.***

***Title VI will strengthen U.S. safeguard mechanisms — both the general safeguard and section 421, the special safeguard for China.***

# U.S. - China Trade Balance

Source: U.S. Census Bureau



# WTO Trade Remedy Disputes

U.S. Has Lost 82 Percent of Trade Remedy Disputes in WTO  
Since January 2001

